

Organised capital

*Employers' associations and industrial relations in
northern England, 1880–1939*

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Introduction

The subject matter of this book lies within the intersection of business and labour history, emerging from a long-standing interest in the history of employer combinations, anti-labour organisations and management industrial relations strategies. For a relatively brief period, from the late nineteenth century to the Second World War, employers' organisations proliferated, and collectively formulated policies characterised the behaviour of most British employers in many spheres of industrial relations, social, economic and political activity. Before and after this phase, atomised, company-level bargaining and determination of labour relations predominated. Since the 1930s, the ability of employers' organisations in Britain to regulate industrial relations and control labour markets within their respective industries has significantly declined, and internalised, company-specific labour management structures and policies have become more important.¹ This book thus explores the heyday of delegated, multi-employer relations with trade unions and collective regulation of the labour contract and labour markets, examining the genesis and evolution of employers' associations, the formulation of multi-employer labour relations strategies and the changing role of such institutions in British industrial relations over the period 1880–1939.

Such a fundamental process of change – from individualism and the free market to collective employer action and market regulation – merits extensive analysis and prompts at least four primary clusters of questions which are taken up in the pages that follow: first, what are employers' organisations and what is distinctive about the British variant? Secondly, how were such organisations structured and how representative and powerful were they? Thirdly, what were the forces which encouraged an increasing number of British capitalists to eschew individualism, form and join collective associations and accept collectively formulated labour policies? Fourthly, what role did these collective organisations of

¹ For a discussion of such developments post-1945 see H. Gospel, *Markets, Firms and the Management of Labour in Modern Britain*, Cambridge: Cambridge University Press, 1992, pp. 103–68.

employers play in structuring industrial relations systems, reacting to market pressures, trade unionism, industrial conflict and state intervention? In other words, how and why did such institutions behave in the way that they did?

To address these questions this study draws upon the growing corpus of secondary literature relating to the labour policies of employers and the history of employers' organisations and engages with some of the prevailing interpretations of employer organisation development and strategies. However, it is anchored firmly within one region of England – the heavily industrialised north-west – and is informed by immersion in the surviving archival records of employers' organisations in three industries – cotton textile manufacturing (spinning and weaving), construction and engineering. The basic primary source material exploited for this book has, therefore, been the surviving minute books, annual reports, correspondence files, cash and account books, membership files and other documents generated by the employers' organisations in such industries. These include the records of the North-West Federation of Building Trade Employers, the Joint Standing Committee of Lancashire Engineering Employers' Associations, the Federation of Master Cotton Spinners' Associations and the Cotton Spinners' and Manufacturers' Association, together with the papers of a plethora of independent and affiliated local employers' associations covering most of the major industrial towns in north-west England. These extant records are a testimony to how employers' organisations became more extensive and representative in the period c. 1890–1920, with two notable bursts of organisational activity in the 1890s and between 1914 and 1920. Increasingly over these years individualistic and paternalistic employers broke with the tenets of popular *laissez-faire* anti-combination ideology. Informal consultation and tacit, clandestine combinations between employers gave way to *ad hoc* local, often temporary associations, which in turn were consolidated and superseded by stable and permanent industry-wide federations of local associations.

What is the justification for such a study and such an approach? There are three points worth making here: first, and most obviously, the book addresses a serious gap in the literature. The role of organised capital in British society has attracted interest, though in relation to the study of labour history this still remains a markedly underresearched theme.²

² See, for example, Chris Wrigley's note on the neglect of employers in industrial relations: C.J. Wrigley (ed.), *A History of British Industrial Relations*, vol. II: 1914–1939, Brighton: Harvester, 1987, p. 19. Interest and research in this area is growing, though the continuing relative neglect of the labour management policies of employers is confirmed by even a cursory glance over the bibliographies compiled in the journals *Labour History Review* and *Business History*.

Industrial conflict, as Carter Goodrich perceptively commented in 1920, occurred over a fluid 'frontier of control'.³ Labour encroached into managerial terrain during phases of tight labour markets and booming trade, whilst capital 'pushed the working classes back to their kennels', as Sir Philip Gibbs approvingly noted, during economic depressions.⁴ Arguably, the labour side of this equation has been extensively (though certainly not exhaustively) investigated; trade union histories abound in great quantities and the surge of interest in working-class history from the early 1960s has resulted in a plethora of studies which focus on the role of labour in the workplace, in industrial relations and in society. By comparison, the history of employers' organisations and the evolution of capitalist labour relations strategies is an area of study which, whilst growing, is still in its infancy. Indeed, to date we lack a single academic monograph specifically on employers' organisations. Undoubtedly, this is partly because the defensive and conservative attitudes and policies of employers' organisations have proved less attractive to historians than the more militant political and social theories that lie at the foundation of trade union policy.

The secrecy and anonymity of employers' associations and their reticence to allow access to their records have been important additional factors accounting for the dearth of research in this area. Historically, employers' associations have tended to shun publicity, hence alternative sources beyond association records have serious limitations. When the Royal Commission on Labour appealed for copies of rules in 1890-1 it received more than five times the number of rules from trade unions than from employers' associations (377 to 70).⁵ As late as 1937 the Ministry of Labour's annual digest of statistics included just one small table on employers' associations, compared to fifteen pages of detailed statistical data on trade unions.⁶ Many employers' organisations had no need of the sort of large-scale delegate conferences which would attract media interest and often considered their functions as an extension of the internal business of their constituent members, which they regarded as of little interest to the public.

Attitudes have, however, changed considerably over time. An increasing number of organisations over the past twenty years or so have deposited their archives in public record offices or allow historians direct

³ C. Goodrich, *The Frontier of Control*, new edition, London: Pluto Press, 1975 (first published 1920).

⁴ Cited in J. Cronin, *Labour and Society in Britain, 1918-1979*, London: Batsford, 1984, p. 34.

⁵ Royal Commission on Labour, *Rules of Associations of Employers and Employed*, c. 6795, London: HMSO, 1892, pp. vii; xxii.

⁶ Ministry of Labour, *27th Annual Abstract of Labour Statistics, 1922-36*, Cmd 5556, London: HMSO, July 1937, pp. 136-52.

access to their private papers. Generally speaking, only organisations which have embarrassing or illegal activities to hide still continue to refuse access to their extant archival material. The Economic League, with its semi-clandestine political blacklisting operation, is a good example.

Secondly, why the three industries? The rationale here was that a comparative study would produce more meaningful results, allowing hypotheses to be tested across a few case studies, with different structures, technologies and product markets. The industries were chosen because they all had long traditions of collective organisation amongst both masters and men, they provided a good contrast in terms of industrial structure, and a range of product and labour markets. There were also practical considerations. The surviving source material was both relatively plentiful and readily accessible for these sectors.

Thirdly, the regional perspective provides an alternative point of reference to the national and international one which currently dominates the labour management literature. The text brings under closer scrutiny the activities of local employers' associations and regional federations and their relationships at two levels: with the organised labour movement and with their own constituency – millowners, building masters and engineering employers. At least pre-1914, the main focus of collective bargaining was the locality and region, and local autonomy was a particularly marked feature of British employers' associations. One of the more important hypotheses I hope to sustain in what follows is that those revisionist scholars who have argued for the relative weakness of British employers' associations (and commensurate strength of organised labour) over this period have overstated their case by concentrating excessively upon the national rather than the provincial level and by focusing predominantly upon relationships between employers and the minority of skilled craft workers rather than the majority of unskilled and semi-skilled employees. This, it seems to me, provides a rather skewed and somewhat distorted perspective upon industrial relations. Not that I am suggesting that north-west England is in any sense representative. That remains to be seen. But I do think that this study casts doubt upon the ability – given our present state of knowledge – of talking in terms of 'national models' of employers' organisations and of the British variant being intrinsically weak and ineffective. At the very least, more detailed regional and sectoral case studies are necessary to refine our understanding of employers' organisations and their role within British society. This book constitutes a contribution to this ongoing debate and if it stimulates further interest and additional empirical research into the role played by employers' organisations within British society it will have fulfilled its purpose.

The text is divided into three sections. Part 1 (chapters 1 and 2) sets the scene for what follows by providing an introduction to the historiography, sketching the context and outlining the origins and development of employers' organisations in Britain up to the 1880s. Theories of employer collectivism and behaviour are discussed and evidence offered to support the view that in north-west England, at least, employers maintained organisational continuity for very long periods and that employer organisations played a significant role in industrial relations at the local level from the mid-nineteenth century.

Part 2 (chapters 3 to 6) focuses upon the maturation of employer organisation, strikebreaking and the transition towards collective bargaining, *c.* 1880–1920. Chapter 3 analyses the structure and evolution of employers' associations over these years, setting this firmly within the prevailing economic, political and social context. Here an attempt has been made to reconstruct membership trends and levels of organisation and solidarity by cross-referencing membership lists and local trade directories. Such quantitative data, drawn from a series of organisations in north-west England and elsewhere, suggest that the period witnessed a quite remarkable surge in employer collectivism, tangibly indicated in expansion in the number and representativeness of employers' associations and in the trend towards inter-association collusion at the regional and national, industry-wide levels. Specific interest groups and divisions within organisations are also identified, developing the important theme of intra-class competition and fragmentation. British employers, it should be stressed at the outset, were no monolithic group. However, this should not obscure the fundamental point that divisions of interest between employers were increasingly being transcended in the common interest as the rules of the collective game were being incrementally absorbed. Within this chapter, the causes of increasing employer organisation membership and growing class consciousness, *c.* 1880–1920, are also discussed, moving from analysis of the national context to the specific economic and social circumstances that prevailed within north-west England.

Chapters 4 and 5 explore in some depth the industrial relations policies developed by employers' organisations over the 1880–1914 period. It is perhaps something of a paradox that the upsurge in employers' organisation which occurred from around 1890 provided the preconditions for both the accelerating commitment to institutionalised, procedural forms of control over labour, and the formalisation and consolidation of employers' coercive strikebreaking machinery. These were, however, two sides of the same coin: not mutually exclusive but alternative control strategies utilised where and when appropriate. Chapter 4 analyses the growing sophistication of the employers' arsenal of strikebreaking and

union-busting machinery and the pivotal role employers' associations played in this process, discussing, in turn, the organisation of substitute labour for strikers, modes of victimisation, legal action, strike indemnity and compensation schemes and the utilisation of the multi-employer lock-out. One of the major functions of employers' organisations before 1914 was forcibly to break strikes, either as an initial reaction, or as a second line of defence when established procedures to settle disputes without a stoppage of work were either exhausted or ignored. Such coercive sanctions in turn served to strengthen trade union commitment to formal disputes and bargaining procedures.

The conjuncture of rising worker organisation and militancy – an ability and will to sustain resistance – with intensifying competition, more hostile product markets and changes in state and public attitudes towards industrial relations encouraged an increasing number of employers to seek alternative, less costly and less provocative strategies to maintain discipline and stabilise industrial relations. What remains unclear is the role employer organisations played in this process, their contribution to the evolution of a formalised collective bargaining system. How committed were employers to the jointly agreed or unilaterally imposed disputes procedures of their industries and why? Did employers gain disproportionately from such mechanisms? How were unions treated within disputes procedures? Did this switch in policy enable employers' organisations to stabilise costs effectively, limit craft control and autonomy and maintain managerial authority and control at the point of production? How did this formalised framework respond to changes in product and labour market circumstances? Chapter 5 addresses such questions, through a detailed analysis of the policies of local and regional employers' organisations in the cotton manufacturing and engineering industries in north-west England. This section will engage with the continuing controversies over the motivations and implications of this formalisation of industrial relations.⁷

War conditions provided a quite unique industrial relations experience, influencing employers' organisation and collectivist behaviour, attitudes and labour relations policies in many significant ways. The impact of war upon British employers' organisations forms the subject matter of chapter 6. The disruptions to product and labour markets imposed severe strains

⁷ See H.A. Clegg, A. Fox and A.F. Thompson, *A History of British Trade Unions since 1889*, vol. 1: 1889–1911, Oxford: Clarendon Press, 1964, pp. 326–54, 471–5; K. Burgess, *The Origins of British Industrial Relations*, London: Croom Helm, 1975, pp. 309–11; J. Porter, 'Wage bargaining under conciliation agreements, 1860–1914', *Economic History Review*, 2nd series, 23 (1970), pp. 460–75; K. Sisson, *The Management of Collective Bargaining: An International Comparison*, Oxford: Clarendon Press, 1987; K. Sisson, 'Employers and the structure of collective bargaining: distinguishing cause and effect', in S. Tolliday and J. Zeitlin (eds.), *The Power to Manage?* London: Routledge, 1991, pp. 256–72.

upon employer cohesion, leading to a corrosion of authority as employers' organisations lost control over labour markets. On the other hand, unprecedented government intervention in labour matters, combined with a quite remarkable surge in trade union growth and shop-floor labour militancy between 1914 and 1920, placed great pressure upon individual employers, encouraging combination. Hence, these years witnessed a counter-surge in the number, representativeness and stability of British employers' organisations, at almost all levels. Moreover, many organisations acted, often quite aggressively, though with varying degrees of success, to bring the destabilising influences, especially of the period 1914–17, under some control. This represented a consolidation of class awareness by employers, a realisation that only through mutual support could they offer a bulwark against an increasingly interventionist state, tight labour markets (and the empowerment of labour that this implied), rising labour costs, labour 'encroachments' and the wartime extension of workers' control – as both an ideology and a reality – which struck at the very heart of the notions of managerial prerogative, proprietorial rights and executive decision-making.

Part 3 (chapters 7, 8 and 9) analyses organisational developments and multi-employer labour relations policies during the inter-war economic slump, focusing in turn upon developments in cotton manufacturing, building and engineering. Research here has tended to focus upon the central level, upon pivotal confrontations such as the 1922 engineering lock-out and the general strike of 1926, or on attempts to forge a new industrial relations concordat, through the abortive Mond-Turner talks.⁸ By shifting the focus to the regional level, the attitudes, tactics and policies of local employers' associations and their constituent members during the recession will be brought into sharper relief, thus allowing hypotheses within the literature to be tested. For example, how did the conflict, identified by Garside and Gospel, between hawks and doves, anti-unionist employers and conciliators during the recession resolve itself in the staple sectors of the economy in north-west England?⁹ And,

⁸ Engineering and shipbuilding have been most thoroughly researched. See J. Zeitlin, 'The internal politics of employer organization: the Engineering Employers' Federation, 1896–1939', in Tolliday and Zeitlin, *Power to Manage?* and A. Reid, 'Employers' strategies and craft production: the British shipbuilding industry, 1870–1950', in Tolliday and Zeitlin, *Power to Manage?* E. Wigham, *The Power to Manage*, London: Macmillan, 1973, provides a broad, though now somewhat dated, survey of EEF history. See also J. Zeitlin, *The Triumph of Adversarial Bargaining: Industrial Relations in British Engineering, 1880–1939*, Oxford: Oxford University Press, forthcoming.

⁹ W.R. Garside, 'Management and men: aspects of British industrial relations in the inter-war period', in B. Supple (ed.), *Essays in British Business History*, Oxford: Clarendon Press, 1977; H.F. Gospel, 'Employers' labour policy: a study of the Mond-Turner talks, 1927–33', *Business History*, 21 (1979), pp. 180–97.

what role did the local employers' associations and regional federations play in this? Evidence suggests that the markedly altered economic circumstances triggered a major counter-attack, spearheaded by employers' associations, designed to roll back many of the gains made by labour during the decade of mass organisation and insurgency over 1910–20.¹⁰ Pre-war and wartime co-operation and incorporation strategies gave way to the free play of economic forces and a more self-interested and coercive strategy amongst many employers, especially those most hard-pressed in the staple, export-orientated sectors of the economy. Evidence suggests a dual offensive to reimpose managerial prerogatives, authority and discipline on the shop-floor, whilst simultaneously reasserting firm control over wage bargaining and slashing labour costs. However, each industry pursued these common aims in different ways. Engineering employers were amongst the fiercest proponents of managerial prerogatives to organise production with minimal interference from trade unions. However, at the local level, in north-west England at least, engineering employers appear to have tempered their principles with a great deal of pragmatism and flexibility in the aftermath of the 1922 lock-out. In cotton manufacturing, the employers' organisations promulgated a vigorous costs reduction drive, invariably leading to an intensification of work, largely occurring within the parameters of the existing technology and the established division of labour.

Part 3 explores the parameters of this inter-war employers' counter-attack against labour, but also attempts to define its limits. Whilst the failure of the Mond-Turner talks showed that employers' organisations were drawing back from extending procedural control at the peak level, still, at the local level the employers' associations in engineering, cotton and building in north-west England remained firmly committed to stabilising industrial relations through collective bargaining and maintaining the formal disputes procedure. Employers' organisations in these industries were frequently operating as constraining agencies upon their more militant, confrontationist members, invariably insisting that collective agreements be honoured. This role created intense pressures within employers' organisations. Combined with product market fluctuations, structural divisions and intensified cut-throat competition between employers during the recession, this inevitably resulted in disaffection

¹⁰ H.A. Clegg, *A History of British Trade Unions since 1889*, vol. II: 1911–33, Oxford: Clarendon Press, 1985; K. Burgess, *The Challenge of Labour*, London: Croom Helm, 1980; A. McIvor, 'A crusade for capitalism: the Economic League, 1919–1939', *Journal of Contemporary History*, 23, no. 4 (1988); A. McIvor, 'Cotton employers' organisations and labour relations, 1890–1939', in J.A. Jowitt and A.J. McIvor (eds.), *Employers and Labour in the English Textile Industries, 1850–1939*, London: Routledge, 1988.

with association policy, a breakdown of consensus, membership haemorrhage and some undermining of employer solidarity. Some organisations controlled breakaways more effectively than others. However, already in the 1930s, it is possible to discern a diminution in the effectiveness of employers' organisations, particularly their ability to regulate the labour market. The initiative in industrial relations strategy began to drift noticeably back to the individual firm, a trend which was to be consolidated after the Second World War.¹¹

The conclusion will review the findings from north-west England and draw together the various lines of enquiry pursued through the text, commenting on continuity, changing patterns and the determinants of employers' organisation and multi-employer labour relations policies prior to the Second World War. It will be argued that the period *c.* 1880–1920 witnessed the emergence of a complex network of employers' organisations, stimulated by a triumvirate of external pressures from a more competitive marketplace, an increasingly interventionist government, and a rapidly growing and increasingly militant labour movement. These organisations accommodated themselves to the emergence of mass unionism and, whilst wracked by internal divisions, nevertheless came to play a pivotal role in the development of the British industrial relations system and in defending employers' interests. My interpretation of the strength, cohesion, power and influence of British employers' organisations differs significantly from that promulgated by some recent 'revisionist' historians of industrial relations, who have emphasised the weakness, disunity and strategic impotence of such institutions.¹² The grounds for arriving at such a view are expounded in the following pages of this book.

¹¹ See the *Report of the Royal Commission on Trade Unions and Employers' Associations, 1965–68*, Cmnd 3623, London: HMSO, 1968.

¹² See the next chapter for a review of this literature.